H-3103-1 - FEES, RENTALS, AND ROYALTY

Schedule D - Rental and Royalty Schedule

Schedule "D" - Rental and Royalties Schedule

RENTALS. To pay the lessor in advance an annual rental of $1 per acre prior to discovery of oil or gas on the leased lands.

MINIMUM ROYALTY. To pay the lessor in lieu of rental at the expiration of each lease year after discovery a minimum royalty of $1 per acre or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty of $1 per acre, provided that on unitized leases, the minimum royalty shall be payable only on the participating acreage.

ROYALTY ON PRODUCTION. To pay the lessor the following royalty on production removed or sold from the leased lands: To and including September 24, 1963, the royalties to be paid hereunder shall be computed and paid on the basis of the royalties prescribed in the original lease.

1. A royalty of 12 1/2 percent on the production removed or sold from:

    a. Land determined by the Director, Geological Survey, not to be within the productive limits of any oil or gas deposit on August 8, 1946;

    b. An oil or gas deposit which was discovered after May 27, 1941, by a well or wells drilled on the leased land and which is determined by the Director, Geological Survey, to be a new deposit; or

    c. Allocated to the lease pursuant to an approved unit or cooperative agreement from an oil or gas deposit which was discovered on unitized land after May 27, 1941, and determined by the Director, Geological Survey, to be a new deposit but only if at the time of discovery the lease was committed to the agreement or was included in a duly executed and filed application for approval of the agreement.

2. On production of oil removed or sold from lands not subject to subsection 1 hereof:

    a. For all oil produced of 30° Baume or over:

        (1) On that portion of the average production per well not exceeding 20 barrels per day for the calendar month--12 1/2%

        (2) On that portion of the average production per well of more than 20 barrels and not more than 50 barrels per day for the calendar month--16 2/3%

        (3) On that portion of the average production per well of more than 50 barrels and not more than 100 barrels per day for the calendar month--20%

(4) On that portion of the average production per well of more than 100 barrels and not more than 200 barrels per day for the calendar month------------------------------------25%

(5) On that portion of the average production per well of more than 200 barrels per day for the calendar month---33 1/3%

b. For all oil produced of less than 30° Baume:

(1) On that portion of the average production per well not exceeding 20 barrels per day for the calendar month---12 1/2%

(2) On that portion of the average production per well of more than 20 barrels and not more than 50 barrels per day for the calendar month--14 2/7%

(3) On that portion of the average production per well of more than 50 barrels and not more than 100 barrels per day for the calendar month--16 2/3%

(4) On that portion of the average production per well of more than 100 barrels and not more than 200 barrels per day for the calendar month------------------------------------20%

(5) On that portion of the average production per well of more than 200 barrels per day for the calendar month---25%

Only wells which have a commercial production during at least part of the month shall be considered in ascertaining the average production above provided for; and the Secretary of the Interior shall determine which are commercially productive wells under this provision.

c. On gas and casinghead gasoline:

(1) On gas, whether same shall be gas from which the casinghead gasoline has been extracted or otherwise, 12 1/2 percent of the value thereof in the field where produced where the average production per day for the calendar month from the land leased is less than 3,000,000 cubic feet, and 16 2/3 percent where the average daily production is 3,000,000 cubic feet or over.

(2) On casinghead gasoline, 16 2/3 percent of the value of the casinghead gasoline extracted from the gas produced and sold, computed on the basis provided for in the operating regulations.

(3) The value in the field where produced, of gas and casinghead gasoline, for royalty purposes, unless such gas or casinghead gasoline is disposed of under an approved sales contract or other method as provided in subdivision d of this section, shall be fixed by the Secretary of the Interior.

(4) In cases where the gas produced and sold has a value for both casinghead gasoline content and as dry gas from which the casinghead gasoline has beon extracted, then the royalties above provided shall be paid on both of such values.

The average production per well per day for oil and gas shall be determined pursuant to 30 CFR, Part 211, "Oil and Gas Operating Regulations."[1/]

In determining the amount or value of gas and liquid products produced, the amount or value shall be net after an allowance for the cost of manufacture. The allowance for cost of manufacture may exceed 2/3 of the amount of value of any product only on approval by the Secretary of the Interior.

[1/] 30 CFR Part 221 superseded by operating regulations under 43 CFR 3160, specifically 43 CFR 3162.7-4.